

THE CANARA BANK OFFICERS' ASSOCIATION (Regd.)

Registered under Trade Unions Act, 1926 at Mumbai.
(Affiliated to AIBOC)



CENTRAL OFFICE
402-406, 4THFloor, Himalaya House, P.B.No.262,
79, Mata Ramabai Ambedkar Marg, FORT, MUMBAI:400001
Tel: 2261 7872, 2270 5750, 22692083 Fax : 2261 8306
Gram: CIBIOA, E-mail: cboabom1@gmail.com
www.choa.co.in

General Secretary's Office :
Plot No 39, Near Ambitus International School,
Gunadala, Vijayawada - 520004
Email: cboavij@gmail.com



REF: GS/CBOA/LTR/52/2025/RS

20th December, 2025

To

The Secretary,
Department of Financial Services,
Ministry of Finance,
Government of India,
New Delhi – 110001

Dear Sir,

Subject: Representation regarding consideration of private sector candidates for the position of MD & CEO of Canara Bank – Reg

We sincerely appreciate the continuous efforts of the **Department of Financial Services** in driving reforms and improving governance within Public Sector Banks. The broad objective of strengthening leadership and enhancing competitiveness across the banking ecosystem is well acknowledged and deeply respected.

However, the proposal to extend eligibility for the MD & CEO in Canara Bank to individuals from private sector banks raises significant concerns related to **the institutional culture, accountability framework and succession ecosystem of PSBs**, all of which merit careful reconsideration.

We wish to place before you, with utmost respect and concern, our considered views on the recent announcement by the ***Financial Services Institutions Bureau (FSIB)*** on **23rd Oct, 2025** regarding the eligibility of candidates from the **private sector** for the position of **Managing Director & Chief Executive Officer (MD & CEO) in Canara Bank**, which continues to be a premier Public Sector Bank (PSB).

Unique Culture of Public Sector Banks:

Public Sector Banks operate within a ***unique governance and accountability architecture***, deeply rooted in public trust, social responsibility and national development objectives. The very ethos of PSBs is aligned with inclusive growth, financial stability and socio-economic commitments such as ***financial inclusion, rural development and priority sector lending***, which are the areas that are often beyond the commercial orientation of private sector banks.

Executives nurtured within the PSB environment have imbibed not only financial prudence and risk management skills, but also a profound understanding of the public policy interface of banking operations. The leadership of PSBs demands an **equilibrium between profitability and social commitment**, which is a balance that has been carefully cultivated through decades of professional grooming within the public sector banking system. Introducing leadership from an *entirely different value and incentive structure* may disrupt this delicate equilibrium and affect the integrity that PSBs represent.

Strong Leadership and Administrative Competence within PSBs:

Canara Bank, like other Public Sector Banks, possesses a rich reservoir of highly qualified, experienced and performance driven executives who have consistently demonstrated their **managerial capability and adaptability** in an evolving banking landscape.

Over the years, PSBs have successfully implemented *large scale digital transformation initiatives, achieved record profits, improved asset quality and maintained strong customer confidence* under the leadership of Executives who rose through the ranks within the PSB milieu. This portrays that PSB leadership pipelines are competent and future ready.

The current cadre of Executive Directors, General Managers and other senior officials have been rigorously trained through diverse assignments across geographies and functions ranging from rural credit to international operations, from regulatory compliance to digital banking. Their knowledge gained from the field, commitment to public purpose and familiarity with the PSB ecosystem are invaluable assets that ***cannot be replicated externally.***

Preserving the Career Progression of PSB Officers:

One of the cornerstones of the PSB framework has been the **transparent and merit-based career progression** that motivates officers to dedicate their entire professional lives to their respective Banks. The aspiration to rise to the highest office of **MD & CEO** has always been a driving force for performance, rectitude and commitment among PSB executives.

Opening this position to private sector entrants will **undermine the morale** of thousands of officers who have grown within the system with dedication and loyalty. It could send a disheartening message that, despite decades of service and proven capability, **their avenues for the highest leadership roles are being curtailed.** Such a move could create a perception of weakened trust among the existing officers, which would be counterproductive to the cause of Bank's growth and employee engagement.

To strengthen and not substitute the Leadership pipeline:

Rather than importing leadership from outside the system, the focus should be on **strengthening internal leadership**

grooming mechanisms through leadership development programs and succession planning models within PSBs. **With continued support from DFS and RBI**, these mechanisms can ensure that PSBs produce leaders who combine professional acumen with the ethos of public accountability.

It may also be noted that Canara Bank and other large PSBs have consistently delivered commendable financial performance in recent years, contributing significantly to the government's financial objectives and economic priorities. The key financial highlights of PSBs as per the financial results 2024-25 are as follows:

Parameters	FY 2024 - 25
Total Business	₹251 lakh crore
Net Profit	₹1.78 lakh crore
Gross NPA	2.58%
Net NPA	0.52%
Dividend Payout	₹34,990 crore
CRAR	16.15%

By the end of the FY 2024 - 25, PSBs posted a **loan growth of 13.1% (Y-o-Y)**, outpacing Private Banks, which grew at **9% (Y-o-Y)**. Also, **PSBs held ₹98.2 trillion in loans**, making up **52.3%** of the total market by March - 2025, while **private banks accounted for ₹75.2 trillion**, making up **40%** of the loan book. The **market capitalisation of Public Sector Banks stands stronger than ever**, reinforced by the burly trust and **growing participation of retail investors** who see in them the stability, credibility and longterm value that define India's banking backbone.

Such progress reaffirms the **leadership excellence** and **managerial strength** nurtured within the **Public Sector Bank ecosystem**, indicating that officers shaped by this framework possess the vision, discipline and capability to steer PSBs towards **sustained growth and national relevance**.

National Interest – The Key Priority of PSBs:

The **MD & CEO** of a Public Sector Bank is not merely a managerial position; it is a custodial responsibility entrusted by the nation. PSBs operate with public funds, serve millions of people across rural and urban India and act as the government's primary financial delivery mechanism for welfare schemes. Hence, **MD & CEO** in these institutions must not only demonstrate banking expertise, but also exemplify **public trust and institutional continuity**.

Appointing individuals from private sector backgrounds, whose operational philosophies are often driven by **market centric incentives and profit maximization approach** will not align with the **developmental and nation building priorities** that PSBs are mandated to serve.

In the year 2021, the famous Investor **Late Shri. Rakesh Jhunjhunwala** said, *"I am extremely bullish on the old public sector banks because, they have the cheapest valuations and are going to see the biggest upside in earnings."* He firmly believed that PSBs had the latent potential especially when the credit cycle improved and thus offered massive returns.

In view of the above mentioned factors, we earnestly request the **Department of Financial Services** and the **Financial Services Institutions Bureau (FSIB)** to reconsider the proposal to appoint private sector candidates as MD & CEO of Canara Bank and instead *continue the long standing and successful practice of promoting deserving and experienced executives from within the Public Sector Banking framework.*

We firmly believe that the government financial reforms can be best realized by ***empowering internal talent, enhancing accountability and reinforcing succession planning*** rather than by external substitution. **The PSB ecosystem has consistently produced exemplary leaders** who have guided these institutions through economic cycles with ethics, prudence and sacrifice.

We therefore urge the DFS to uphold this tradition of promoting leadership from within, thereby preserving the ethos of public sector banking and protecting the career aspirations of countless officers who form the backbone of India's banking system.

We trust that you will give due consideration to this representation in the best interest of our nation's economic growth.

Yours Sincerely,



RAVI KUMAR K
General Secretary

Copy to:

The Managing Director & CEO,
Canara Bank,
Head Office,
Bengaluru